

PART 455—GRANT PROGRAMS FOR SCHOOLS AND HOSPITALS AND BUILDINGS OWNED BY UNITS OF LOCAL GOVERNMENT AND PUBLIC CARE INSTITUTIONS

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AUTHORITY: 42 U.S.C. 6371 *et seq.*, and 42 U.S.C. 7101 *et seq.*

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Subpart A—General Provisions

§ 455.1 Purpose and scope.

(a) This part establishes programs of financial assistance pursuant to Title III of the Energy Policy and Conservation Act, as amended, 42 U.S.C. 6371 *et seq.*

(b) This part authorizes grants to States or to public or non-profit schools and hospitals to assist them in conducting preliminary energy audits and energy audits, in identifying and implementing energy conservation maintenance and operating procedures, and in evaluating, acquiring, and installing energy conservation measures, including renewable resource measures, to reduce the energy use and anticipated energy costs of buildings owned by schools and hospitals.

(c) This part also authorizes grants to States or units of local government and public care institutions to assist them in conducting preliminary energy audits and energy audits, in identifying and implementing energy conservation maintenance and operating procedures, and in evaluating energy conservation measures, including renewable resource measures, to reduce the energy use and anticipated energy costs of buildings owned by units of local government and public care institutions.

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§ 455.2 Definitions.

Act, as used in this part, means the Energy Policy and Conservation Act, Public Law 94–163, 89 Stat. 871 (42 U.S.C. 6201, *et seq.*), as amended by title III of the National Energy Conservation Policy Act, Public Law 95–619, 92 Stat. 3238 (42 U.S.C. 6371), and the State Energy Efficiency Programs Improvement Act of 1990, Public Law 101–440, 104 Stat. 1011.

Assistant Secretary means the Assistant Secretary for Conservation and Renewable Energy or any official to whom the Assistant Secretary's functions may be redelegated by the Secretary.

Auditor means any person who is qualified in accordance with 10 CFR 450.44 and with State requirements pursuant to § 455.20(k), to conduct an energy audit.

Building means any structure, including a group of closely situated structural units that are centrally metered or served by a central utility plant, or an eligible portion thereof, the construction of which was completed on or before May 1, 1989, which includes a heating or cooling system, or both.

Civil rights requirements means civil rights responsibilities of applicants and grantees pursuant to the Non-discrimination in Federally Assisted Programs regulation of the Department of Energy (10 CFR part 1040).

Complex means a closely situated group of buildings on a contiguous site such as a school or college campus or multibuilding hospital.

Construction completion means the date of issuance of an occupancy permit for a building or the date the building is ready for occupancy as determined by DOE.

Cooling degree days means the annual sum of the number of Fahrenheit degrees of each day's mean temperature above 65° for a given locality.

Coordinating agency means a State or any public or nonprofit organization legally constituted within a State which provides either administrative control or services for a group of institutions within a State and which acts on behalf of such institutions with respect to their participation in the program.

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Deputy Assistant Secretary means the Deputy Assistant Secretary for Technical and Financial Assistance or any official to whom the Deputy Assistant Secretary's functions may be redelegated by the Assistant Secretary.

DOE means the Department of Energy.

Energy audit means a determination of the energy consumption characteristics of a building which:

- (1) Identifies the type, size, and rate of energy consumption of such building and the major energy-using systems of such building;
- (2) Determines appropriate energy conservation maintenance and operating procedures;
- (3) Indicates the need, if any, for the acquisition and installation of energy conservation measures; and
- (4) If paid for with financial assistance under this part, complies with 10 CFR 450.43.

Energy conservation maintenance and operating procedures means modifications in the maintenance and operations of a building and any installation therein which are designed to reduce the energy consumption in such building and which require no significant expenditure of funds, including, but not limited to:

- (1) Effective operation and maintenance of ventilation systems and control of infiltration conditions, including:
 - (i) Repair of caulking or weatherstripping around windows and doors;
 - (ii) Reduction of outside air intake, shutting down ventilation systems in unoccupied areas, and shutting down ventilation systems when the building is not occupied; and
 - (iii) Assuring central or unitary ventilation controls, or both, are operating properly;
- (2) Changes in the operation and maintenance of heating or cooling systems through:
 - (i) Lowering or raising indoor temperatures;
 - (ii) Locking thermostats;
 - (iii) Adjusting supply or heat transfer medium temperatures; and
 - (iv) Reducing or eliminating heating or cooling at night or at times when a building or complex is unoccupied;

(3) Changes in the operation and maintenance of lighting systems through:

- (i) Reducing illumination levels;
 - (ii) Maximizing use of daylight;
 - (iii) Using higher efficiency lamps; and
 - (iv) Reducing or eliminating evening cleaning of buildings;
- (4) Changes in the operation and maintenance of water systems through:
- (i) Repairing leaks;
 - (ii) Reducing the quantity of water used, e.g., using flow restrictors;
 - (iii) Lowering settings for hot water temperatures; and
 - (iv) Raising settings for chilled water temperatures;

(5) Changes in the maintenance and operating procedures of the building's mechanical systems through:

- (i) Cleaning equipment;
- (ii) Adjusting air/fuel ratio;
- (iii) Monitoring combustion;
- (iv) Adjusting fan, motor, or belt drive systems;
- (v) Maintaining steam traps; and
- (vi) Repairing distribution pipe insulation; and

(6) Such other actions relating to operations and maintenance procedures as the State may determine useful or necessary. In general, energy conservation maintenance and operating procedures involve cleaning, repairing or adjusting existing equipment rather than acquiring new equipment.

Energy conservation measure means an installation or modification of an installation in a building which is primarily intended to maintain (in the case of load management systems) or reduce energy consumption and reduce energy costs, or allow the use of an alternative energy source, including, but not limited to:

- (1) Insulation of the building structure and systems within the building;
- (2) Storm windows and doors, multi-glazed windows and doors, heat-absorbing or heat-reflective glazed and coated windows and door systems, additional glazing, reductions in glass area, and other window and door systems modifications;
- (3) Automatic energy control systems which would reduce energy consumption;

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(4) Load management systems which would shift demand for energy from peak hours to hours of low demand and lower cost;

(5) Equipment required to operate variable steam, hydraulic, and ventilating systems adjusted by automatic energy control systems;

(6) Active or passive solar space heating or cooling systems, solar electric generating systems, or any combination thereof;

(7) Active or passive solar water heating systems;

(8) Furnace or utility plant and distribution system modifications including:

(i) Replacement burners, furnaces, boilers, or any combination thereof which substantially increase the energy efficiency of the heating system;

(ii) Devices for modifying flue openings which will increase the energy efficiency of the heating system;

(iii) Electrical or mechanical furnace ignition systems which replace standing gas pilot lights; and

(iv) Utility plant system conversion measures including conversion of existing oil- and gas-fired boiler installations to alternative energy sources;

(9) Addition of caulking and weatherstripping;

(10) Replacement or modification of lighting fixtures (including exterior light fixtures which are physically attached to, or connected to, the building) to increase the energy efficiency of the lighting system without increasing the overall illumination of a facility, unless such increase in illumination is necessary to conform to any applicable State or local building code or, if no such code applies, the increase is considered appropriate by DOE;

(11) Energy recovery systems;

(12) Cogeneration systems which produce steam or forms of energy such as heat as well as electricity for use primarily within a building or a complex of buildings owned by an eligible institution and which meet such fuel efficiency requirements as DOE may by rule prescribe;

(13) Such other measures as DOE identifies by rule for purposes of this part as set forth in subpart D of 10 CFR part 450; and

(14) Such other measures as a grant applicant shows will save a substantial amount of energy and as are identified in an energy audit or energy use evaluation in accordance with § 455.20(k) or a technical assistance report in accordance with § 455.62.

Energy use evaluation means a determination of:

(1) Whether the building is a school facility, hospital facility, or a building owned and primarily occupied and used throughout the year by a unit of local government or by a public care institution.

(2) The name and address of the owner of record, indicating whether owned by a public institution, private nonprofit institution, or an Indian tribe;

(3) The building's potential suitability for renewable resource applications;

(4) Major changes in functional use or mode of operation planned in the next 15 years, such as demolition, disposal, rehabilitation, or conversion from office to warehouse;

(5) Appropriate energy conservation maintenance and operating procedures which have been implemented for the building;

(6) The need, if any, for the acquisition and installation of energy conservation measures including an assessment of the estimated costs and energy and cost savings likely to result from the purchase and installation of one or more energy conservation measures and an evaluation of the need and potential for retrofit based on consideration of one or more of the following:

(i) An energy use index or indices, for example, Btu's per gross square foot per year;

(ii) An energy cost index or indices, for example, annual energy costs per gross square foot; or

(iii) The physical characteristics of the building envelope and major energy-using systems; and

(7) Such other information as the State has determined useful or necessary, in accordance with § 455.20(k).

Fuel means any commercial source of energy used within the building or complex being surveyed such as natural gas, fuel oil, electricity, or coal.

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Governor means the chief executive officer of a State including the Mayor of the District of Columbia or a person duly designated in writing by the Governor to act on her or his behalf.

Grant program cycle means the period of time specified by DOE which relates to the fiscal year or years for which monies are appropriated for grants under this part, during which one complete cycle of DOE grant activity occurs including fund allocations to the States; applications receipt, review, approval, or disapproval; and award of grants by DOE but which does not include the grantee's performance period.

Grantee means the entity or organization named in the Notice of Financial Assistance Award as the recipient of the grant.

Gross square feet means the sum of all heated or cooled floor areas enclosed in a building, calculated from the outside dimensions or from the centerline of common walls.

Heating or cooling system means any mechanical system for heating, cooling, or ventilating areas of a building including a system of through-the-wall air conditioning units.

Heating degree days means the annual sum of the number of Fahrenheit degrees for each day's mean temperature below 65° for a given locality.

Hospital means a public or nonprofit institution which is a general hospital, tuberculosis hospital, or any other type of hospital other than a hospital furnishing primarily domiciliary care and which is duly authorized to provide hospital services under the laws of the State in which it is situated.

Hospital facilities means buildings housing a hospital and related facilities including laboratories, laundries, outpatient departments, nurses' residence and training facilities, and central service facilities operated in connection with a hospital; it also includes buildings containing education or training facilities for health profession personnel operated as an integral part of a hospital.

Indian tribe means any tribe, band, nation, or other organized group or community of Indians including any Alaska native village or regional or village corporation, as defined in or established pursuant to, the Alaska Na-

tive Claims Settlement Act, Public Law 92-203; 85 Stat. 688, which (a) is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians; or (b) is located on, or in proximity to, a Federal or State reservation or rancheria.

Load management system means a device or devices which are designed to shift energy use to hours of low demand in order to reduce energy costs and which do not cause more energy to be used than was used before their installation.

Local educational agency means a public board of education or other public authority or a nonprofit institution legally constituted within, or otherwise recognized by, a State either for administrative control or direction of, or to perform administrative services for, a group of schools within a State.

Maintenance means activities undertaken in a building to assure that equipment and energy-using systems operate effectively and efficiently.

Marketing means a program or activity managed or performed by the State including but not limited to:

- (1) Obtaining non-Federal funds to finance energy conservation measures consistent with this part;
- (2) Making site visits to school and hospital officials to review program opportunities;
- (3) Giving presentations to groups such as school or hospital board officials and personnel; and
- (4) Preparing and disseminating articles in publications directed to school and hospital personnel.

Native American means a person who is a member of an Indian tribe.

Non-Federal funds means financing sources obtained or arranged for by a State as a result of the State program(s) pursuant to § 455.20(j), to be used to pay for energy conservation measures for institutions eligible under this part, and includes petroleum violation escrow funds except for those funds required to be treated as if they were Federal funds by statute, court order, or settlement agreement.

Operating means the operation of equipment and energy-using systems in

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a building to achieve or maintain specified levels of environmental conditions of service.

Owned or *owns* means property interest including without limitation a leasehold interest which is or shall become a fee simple title in a building or complex.

Preliminary energy audit means a determination of the energy consumption characteristics of a building including the size, type, rate of energy consumption, and major energy-using systems of such building which if paid for with financial assistance under this part, complies with 10 CFR 450.42.

Primarily occupied means that in excess of 50 percent of a building's square footage or time of occupancy is occupied by a public care institution or an office or agency of a unit of local government.

Program assistance means a program or activity managed or performed by the State and designed to provide support to eligible institutions to help ensure the effectiveness of energy conservation programs carried out consistent with this part including such relevant activities as:

- (1) Evaluating the services and reports of consulting engineers;
- (2) Training school or hospital personnel to perform energy accounting and to identify and implement energy conservation maintenance and operating procedures;
- (3) Monitoring the implementation and operation of energy conservation measures; and
- (4) Aiding in the procurement of energy-efficient equipment.

Public care institution means a public or nonprofit institution which owns:

- (1) A facility for long-term care, rehabilitation facility, or public health center, as described in section 1624 of the Public Health Service Act (42 U.S.C. 300s-3; 88 Stat. 2270); or
- (2) A residential child care center which is an institution, other than a foster home, operated by a public or nonprofit institution. It is primarily intended to provide full-time residential care, with an average length of stay of at least 30 days, for at least 10 minor persons who are in the care of such institution as a result of a finding of abandonment or neglect or of being

persons in need of treatment or supervision.

Public or nonprofit institution means an institution owned and operated by:

- (1) A State, a political subdivision of a State, or an agency or instrumentality of either; or
- (2) A school or hospital which is, or would be in the case of such entities situated in American Samoa, Guam, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands, exempt from income tax under section 501(c)(3) of the Internal Revenue Code of 1954; or
- (3) A unit of local government or public care institution which is, or would be in the case of such entities situated in American Samoa, Guam, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands, exempt from income tax under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1954.

Renewable resource energy conservation measure means an energy conservation measure which produces at least 50 percent of its Btu's from a non-depletable energy source.

School means a public or nonprofit institution which:

- (1) Provides, and is legally authorized to provide, elementary education or secondary education, or both, on a day or residential basis;
- (2) Provides, and is legally authorized to provide, a program of education beyond secondary education, on a day or residential basis and:
 - (i) Admits as students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate;
 - (ii) Is accredited by a nationally recognized accrediting agency or association; and
 - (iii) Provides an educational program for which it awards a bachelor's degree or higher degree or provides not less than a 2-year program which is acceptable for full credit toward such a degree at any institution which meets the preceding requirements and which provides such a program;

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(3) Provides not less than a 1-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provisions cited in paragraph (2), and subparagraphs (2)(i), and (2)(ii) of this definition; or

(4) Is a local educational agency.

School facilities means buildings housing classrooms, laboratories, dormitories, administrative facilities, athletic facilities, or related facilities operated in connection with a school.

Secretary means the Secretary of the Department of Energy or his/her designee.

State means, in addition to the several States of the Union, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands.

State energy agency means the State agency responsible for developing State energy conservation plans pursuant to section 362 of the Energy Policy and Conservation Act (42 U.S.C. 6322) or, if no such agency exists, a State agency designated by the Governor of such State to prepare and submit the State Plan required under section 394 of the Energy Policy and Conservation Act.

State hospital facilities agency means an existing agency which is broadly representative of the public hospitals and the nonprofit hospitals or, if no such agency exists, an agency designated by the Governor of such State which conforms to the requirements of this definition.

State school facilities agency means an existing agency which is broadly representative of public institutions of higher education, nonprofit institutions of higher education, public elementary and secondary schools, nonprofit elementary and secondary schools, public vocational education institutions, nonprofit vocational education institutions, and the interests of handicapped persons in a State or, if no such agency exists, an agency which is designated by the Governor of such State which conforms to the requirements of this definition.

Support office director means the Director of the DOE field support office

with the responsibility for grant administration or any official to whom that function may be redelegated.

Technical assistance means: (1) The conduct of specialized studies to identify and specify energy savings or energy cost savings that are likely to be realized as a result of the modification of maintenance and operating procedures in a building, the acquisition and installation of one or more specified energy conservation measures in a building, or both; and

(2) The planning or administration of such specialized studies. For schools and hospitals which are eligible to receive grants to carry out energy conservation measures, the term also means the planning or administration of specific remodeling, renovation, repair, replacement, or insulation projects related to the installation of energy conservation or renewable resource measures in a building.

Technical assistance program update means a brief revision to an existing technical assistance program report designed to provide current information such as that relating to energy use, equipment costs, and other data needed to substantiate an application for an energy conservation measure grant. Such an update shall be limited to the particular measures included in the related grant application together with any relevant data regarding interactions or relationships to previously installed energy conservation measures.

Unit of local government means the government of a county, municipality, parish, borough, or township which is a unit of general purpose government below the State (determined on the basis of the same principles as are used by the Bureau of the Census for general statistical purposes) and the District of Columbia. Such term also means the recognized governing body of an Indian tribe which governing body performs substantial governmental functions and includes libraries which serve all residents of a political subdivision below the State level (such as a community, district, or region) free of charge and which derive at least 40 percent of their operating funds from tax revenues of a taxing authority below the State level.

§ 455.3 Administration of grants.

Grants provided under this part shall comply with applicable law, regulation, or procedure including, without limitation, the requirements of:

(a) The DOE Financial Assistance Rules (10 CFR part 600 as amended) except as otherwise provided in this rule;

(b) Executive Order 12372 entitled “Intergovernmental Review of Federal Programs” (48 FR 3130, January 24, 1983; 3 CFR, 1982 Comp., p. 197) and the DOE regulation implementing this Executive Order entitled “Intergovernmental Review of Department of Energy Programs and Activities” (10 CFR part 1005);

(c) Office of Management and Budget Circular A-97 entitled “Rules and Regulations Permitting Federal Agencies to Provide Specified or Technical Services to State and Local Units of Government under title III of the Intergovernmental Coordination Act of 1968” available from the Office of Management and Budget, Office of Publication Services, 725 17th Street, NW., Washington, DC 20503;

(d) DOE regulation entitled “Non-discrimination in Federally Assisted Programs” (10 CFR part 1040) which implements the following public laws: Title VI of the Civil Rights Act of 1964; section 16 of the Federal Energy Administration Act of 1974; section 401 of the Energy Reorganization Act of 1974; title IX of the Education Amendments of 1972; The Age Discrimination Act of 1975; and section 504 of the Rehabilitation Act of 1973; and

(e) Such other procedures applicable to this part as DOE may from time to time prescribe for the administration of financial assistance.

§ 455.4 Recordkeeping.

Each State or other entity within a State receiving financial assistance under this part shall make and retain records required and specified by the DOE Financial Assistance Rules, 10 CFR part 600, and this part.

§ 455.5 Suspension and termination of grants.

Suspension and termination procedures shall be as set forth in the DOE Financial Assistance Rules, 10 CFR part 600.

Subpart B—State Plan Development and Approval

§ 455.20 Contents of State Plan.

Each State shall develop and submit to DOE a State Plan for technical assistance programs and energy conservation measures, including renewable resource measures and, to the extent appropriate, program assistance, and/or marketing. The State Plan shall include:

(a) A statement setting forth the procedures by which the views of eligible institutions or coordinating agencies representing such institutions, or both, were solicited and considered during development of the State Plan and any amendment to a State Plan;

(b) The procedures the State will follow to notify eligible institutions and coordinating agencies of the content of the approved State Plan or any approved amendment to a State Plan;

(c) The procedures the State will follow to notify eligible institutions and coordinating agencies of the availability (each funding cycle) of funding under this program and related funding available from non-Federal sources to fund technical assistance programs and energy conservation measures consistent with this part;

(d) The procedures for submittal of grant applications to the State;

(e) The procedures to be used by the State for evaluating and ranking technical assistance and energy conservation measure grant applications pursuant to § 455.130 and § 455.131, including the weights assigned to each criterion set forth in §§ 455.131 (c)(1), (c)(2), (c)(3), (c)(4) and (c)(5). In addition, the State shall determine the order of priority given to fuel types that include oil, natural gas, and electricity, under § 455.131(c)(2);

(f) The procedures that the State will follow to insure that funds will be allocated equitably among eligible applicants within the State including procedures to insure that funds will not be allocated on the basis of size or type of institution, but rather on the basis of relative need, taking into account such factors as cost, energy consumption, and energy savings, in accordance with § 455.131;

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(g) The procedures that the States will follow for identifying schools and hospitals experiencing severe hardship and for apportioning the funds that are available for schools and hospitals in a case of severe hardship. Such policies and procedures shall be in accordance with § 455.132;

(h) A statement setting forth the extent to which, and by which methods, the State will encourage utilization of solar space heating, cooling and electric systems, and solar water heating systems;

(i) The procedures to assure that all financial assistance under this part will be expended in compliance with the requirements of the State Plan, in compliance with the requirements of this part, and in coordination with other State and Federal energy conservation programs;

(j) If a State is eligible and elects to use up to 100 percent of the funds provided by DOE under this part for any fiscal year for program and technical assistance and/or up to 50 percent of such funds for marketing;

(1) A description of each activity the State proposes, including the procedures for program operation, monitoring, and evaluation;

(2) The level of funding to be used for each program and the source of those funds;

(3) The amount of the State's allocated funds that the State proposes to use for each;

(4) A description of the non-Federal financing mechanisms to be used to fund energy conservation measures in the State during the fiscal year;

(5) A description of the evaluation/selection criteria to be used by the State in determining which institutions receive funding for energy conservation measures;

(6) The procedures for assuring that all segments of the State's eligible institutions, including religiously affiliated institutions receive an equitable share of the assistance provided both for program and technical assistance, marketing, and energy conservation measures;

(7) A description of how the State will track: the amount of total available funds by source; the amount of funds obligated against those funds;

and any limits on types of institutions eligible for particular funding sources; and

(8) The procedures for assisting institutions which initially receive program, technical, or marketing assistance (as part of the State's special program(s)) in later participating in the State's program(s) to provide energy conservation measure funding;

(k) The requirements for an energy audit or an energy use evaluation, and the requirements for qualifications for auditors or persons who will conduct energy use evaluations in the State;

(l) With regard to energy conservation maintenance and operating procedures:

(1) The procedures to insure implementation of energy conservation maintenance and operating procedures in those buildings for which financial assistance is requested under this part;

(2) A provision that all maintenance and operating procedure changes recommended in an energy audit pursuant to § 455.20(k), or in a technical assistance report under § 455.62, or a combination of these are implemented as provided under this part; or

(3) An assurance that the maintenance and operating procedures will be implemented in the future, or a reasonable justification for not implementing such procedures, as appropriate;

(m) The procedures to assure that financial assistance under this part will be used to supplement, and not to supplant, State, local or other funds, including at least:

(1) The screening of applicants for eligibility for available State funds;

(2) The identification of applicants which are seeking or have obtained private sector funds; and,

(3) Limiting or excluding (at the option of the State) the availability of financial assistance under this part for funding particular measures for which funding is being provided by other sources in the State (such as utility rebates) together with any requirements for potential applicants to first seek other sources of funding and document the results of that attempt before seeking financial assistance under this part and a description of the State's plan to

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assist potential applicants in identifying and obtaining other sources of funding;

(n) The procedures for determining that technical assistance programs performed without the use of Federal funds and used as the basis for energy conservation measure grant applications have been performed in compliance with the requirements of § 455.62, for the purposes of satisfying the eligibility requirements contained in § 455.71(a)(3);

(o) The State's policy regarding reasonable selection of energy conservation measures for study in a technical assistance program including any restrictions based on category of building or on groups of structures where measures may, or may not, be appropriate for all the structures and any additional State requirements for the conduct of such a program;

(p) The procedures for State management, monitoring, and evaluation of technical assistance programs and energy conservation measures receiving financial assistance under this part. This includes any State requirements for hospital certifications from a State agency with descriptions of the review procedures and coordination process applicable in such cases. If there is no school facilities agency in the State, or if the existing agency does not certify all types of schools, it also includes any State requirements for an alternative review and certification process for schools;

(q) The circumstances under which the State requires an updated technical assistance program report to accompany an application for an energy conservation measure grant and the scope and contents of such an update;

(r) A description of the State's policies for establishing and insuring compliance with qualifications for technical assistance analysts. Such policies shall require that technical assistance analysts be free from financial interests which may conflict with the proper performance of their duties and have experience in energy conservation and:

(1) Be a registered professional engineer licensed under the regulatory authority of the State;

(2) Be an architect-engineer team, the principal members of which are li-

censed under the regulatory authority of the State; or

(3) Be otherwise qualified in accordance with such criteria as the State may prescribe in its State Plan to insure that individuals conducting technical assistance programs possess the appropriate training and experience in building energy systems;

(s) The circumstances under which the State will or will not consider accepting applications for technical assistance programs or energy conservation measures which were included in earlier approved grant awards but which were not implemented and for which no funds were expended after the original grant award;

(t) A statement setting forth:

(1) An estimate of energy savings which may result from the modification of maintenance and operating procedures and installation of energy conservation measures;

(2) A recommendation as to the types of energy conservation measures considered appropriate within the State; and

(3) An estimate of the costs of carrying out technical assistance and energy conservation measure programs;

(u) For purposes of the technical assistance program pursuant to § 455.62:

(1) A statement setting forth uniform conversion factors to be used by all grant applicants in the technical assistance analysis for conversion of fuels to Btu equivalents. For the conversion of kilowatt hours to Btus, the State may use 3,413, representing consumption at the consumer's end, or 11,600, representing consumption at the producer's end, or may assign 3,413 to some types of energy conservation measures and 11,600 to other types of measures in which case the State shall specify the conversion factor to be used for each type of measure, providing a rationale and citing the sources used in making this decision, and the State shall always apply the specified factor consistently to all ECMs of a particular type;

(2) A statement setting forth the cost-effectiveness testing approach to be used to evaluate energy conservation measures pursuant to § 455.63. States may select either the simple payback approach or the life-cycle

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costing approach. Only one approach may be used for all technical assistance programs in the State. If the State elects to use the life-cycle costing approach, it must specify, consistent with § 455.64(g), whether it will use DOE-provided or its own energy cost escalation rate or annual discount rate, together with any other procedures required to be used (in addition to those specified in § 455.64); and

(3) A statement setting forth that 50 percent (or a higher percent) of total cost savings (used in calculating cost effectiveness pursuant to § 455.63(a)(1) for simple payback, or § 455.64(c) for life-cycle costing) must be from the cost of the energy to be saved.

(v) For any coordinating agency, a description of how it will operate including but not limited to:

- (1) Name and address;
- (2) Type of institutions covered;
- (3) Application processing procedures;
- (4) Whether TA applications, ECM applications, or both are covered;
- (5) Intended schedule for soliciting and processing applications;
- (6) Any special provisions for religiously affiliated institutions;
- (7) Nature of subagreement to be used with institutions;
- (8) Whether TA or ECM contractors selected by the coordinating agency will be offered incident to, or as a condition in, subagreements; and
- (9) Other significant policies and procedures;

(w) If a State elects to allow credit toward the cost share for an energy conservation measure for the costs of technical assistance programs, technical assistance program updates, or energy conservation measures previously incurred and wholly paid for with non-Federal funds, the policies regarding such credit, including any time limits for the age of the earlier-funded work being proposed for credit; and

(x) The limit to the Federal share to be provided to applicants in the State if a State elects to provide less than a 50 percent Federal share to its applicants that do not qualify for severe hardship.

§ 455.21 Submission and approval of State Plans and State Plan amendments.

(a) Proposed State Plans or Plan amendments necessitated by a change in regulations shall be submitted to DOE within 90 days of the effective date of this subpart or any amended regulations. Upon request by a State, and for good cause shown, DOE may grant an extension of time.

(b) The Support Office Director shall, within 60 days of receipt of a proposed State Plan, review each plan and, if it is reasonable and found to conform to the requirements of this part, approve the State Plan. If the Support Office Director does not disapprove a State Plan within the 60-day period, the State Plan will be deemed to have been approved.

(c) If the Support Office Director determines that a proposed State Plan fails to comply with the requirements of this part or is not reasonable, DOE shall return the plan to the State with a statement setting forth the reasons for disapproval.

(d) Except for State Plan amendments covered by paragraph (a) of this section, if a State wishes to deviate from its approved State Plan, the State must submit and obtain DOE approval of the State Plan amendment.

(e) The Support Office Director shall, within 60 days or less of receipt of a proposed State Plan amendment review each amendment and, if it is found to conform to the requirements of this part, approve the amendment. If the Support Office Director determines that a proposed State Plan amendment fails to comply with the requirements of this part, or is not reasonable, DOE shall return the amendment to the State with a statement setting forth the reasons for disapproval.

Subpart C—Allocation of Appropriations Among the States

§ 455.30 Allocation of funds.

(a) DOE will allocate available funds among the States for two purposes: to award grants to schools, hospitals, units of local government, and public care institutions and coordinating agencies representing them to implement technical assistance and energy

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conservation measures grant programs and to award grants to eligible States for administrative expenses, technical assistance programs, program assistance, and marketing expenses in accordance with this part.

(b) DOE shall notify each Governor of the total amount allocated for grants within the State for any grant program cycle:

(1) For schools and hospitals, the allocation amount shall be for technical assistance programs, subject to any limitation placed on technical assistance, and energy conservation measures;

(2) For States that are eligible pursuant to § 455.91, up to 100 percent of the funds allocated to the State by DOE may be used for technical assistance programs and/or for program assistance and up to 50 percent of the funds allocated to the State by DOE may be used for marketing as defined in § 455.2;

(3) For States eligible under § 455.81, a portion of the allocation may be used for a grant to the State for administrative expenses as described in § 455.120;

(4) For unit of local government and public care institutions, the allocation amount shall be solely for technical assistance programs; and

(5) For coordinating agencies, the allocation amount shall be for either technical assistance programs subject to any limitation placed on technical assistance, or energy conservation measures, or both depending on how the coordinating agency elects to operate.

(c) DOE shall notify each Governor of the period for which funds allocated for a grant program cycle will be made available for grants within the State.

(d) Each State shall make available up to 10 percent of its allocation for schools and hospitals in each grant program cycle to provide financial assistance, not to exceed a 90 percent Federal share, for technical assistance programs and energy conservation measures for schools and hospitals determined to be in a class of severe hardship. Such determinations shall be made in accordance with § 455.132.

§ 455.31 Allocation formulas.

(a) Financial assistance for conducting technical assistance programs

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for units of local government and public care institutions shall be allocated among the States by multiplying the sum available by the allocation factor set forth in paragraph (c) of this section.

(b) Financial assistance for conducting technical assistance programs and acquiring and installing energy conservation measures, including renewable resource measures, for schools and hospitals, shall be allocated among the States by multiplying the sum available by the allocation factor set forth in paragraph (c) of this section.

(c) The allocation factor (K) shall be determined by the formula:

$$K = \frac{0.07}{N} + 0.1 \frac{(Sfc)}{(Nfc)} + 0.83 \frac{(SP)(SC)}{(NPC)}$$

where, as determined by DOE:

(1) Sfc is the projected average retail cost per million Btu's of energy consumed within the region in which the State is located as contained in current regional energy cost projections obtained from DOE.

(2) Nfc is the summation of the Sfc numerators for all States;

(3) N is the total number of eligible States;

(4) SP is the population of the State;

(5) SC is the sum of the State's heating and cooling degree days; and

(6) NPC is the summation of the (SP)(SC) numerators for all States.

(d) Except for the District of Columbia, Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands, no allocation available to any State may be less than 0.5 percent of all amounts allocated in any grant program cycle. No State will be allocated more than 10 percent of the funds allocated in any grant program cycle.

§ 455.32 Reallocation of funds.

(a) If a State Plan has not been approved and implemented by a State by the close of the period for which allocated funds are available as set forth in the notice issued by DOE pursuant to § 455.30(c), funds allocated to that State for technical assistance and energy

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conservation measures will be reallocated among all States for the next grant program cycle, if available.

(b) Funds which have been allocated to States in a grant program cycle but which have not been obligated to eligible State, school, or hospital grant applicants by the end of that cycle shall be reallocated by DOE among all States in the next grant program cycle.

(c) Funds which become available due to deobligations resulting from funds returned by grantees due to cost underruns or scope-of-work reductions on completed projects shall be reallocated by DOE among all States in the next grant program cycle.

(d) Funds which become available because of declined grants to schools and hospitals within a State may be reobligated to other eligible applicants in the State until the December 31 following the close of the cycle for which the funds were allocated to the State. Such funds which have not been reobligated by that deadline shall be reallocated by DOE among all States in the next grant program cycle.

(e) Funds which become available because of declined or deobligated financial assistance provided through coordinating agencies to schools and hospitals within a State may be reobligated to other eligible applicants in the State until the December 31 following the close of the cycle for which the funds were allocated to the coordinating agency. Such funds which have not been reobligated by that deadline shall be reallocated by DOE among all States in the next grant program cycle.

(f) Funds granted to States for technical assistance, program assistance, and marketing pursuant to § 455.144 are subject to reallocation by DOE among all the States in the next program cycle if such funds are not committed by the State to their intended purposes by means of grants, contracts, or other legally binding obligations, or redirected to schools and hospitals grant applications pursuant to § 455.144(d), by the December 31 following the close of the cycle for which the funds were allocated to the State.

Subpart D—Preliminary Energy Audit and Energy Audit Grants [Reserved]

Subpart E—Technical Assistance Programs for Schools, Hospitals, Units of Local Government, and Public Care Institutions

§ 455.60 Purpose.

This subpart specifies what constitutes a technical assistance program eligible for financial assistance under this part and sets forth the eligibility criteria for schools, hospitals, units of local government, and public care institutions to receive grants for technical assistance to be performed in buildings owned by such institutions.

§ 455.61 Eligibility.

To be eligible to receive financial assistance for a technical assistance program, an applicant must:

(a) Be a school, hospital, unit of local government, public care institution, or coordinating agency representing them except that financial assistance for units of local government and public care institutions will be provided only for buildings which are owned and primarily occupied by offices or agencies of a unit of local government or public care institution and which are not intended for seasonal use and not utilized primarily as a school or hospital eligible for assistance under this program;

(b) Be located in a State which has an approved State Plan as described in subpart B of this part;

(c) Have conducted an energy audit or an energy use evaluation required pursuant to § 455.20(k) and adequate to estimate energy conservation potential for the building for which financial assistance is to be requested, subsequent to the most recent construction, reconfiguration, or utilization change which significantly modified energy use within the building;

(d) If an energy audit has been performed, give assurance that it has implemented all energy conservation maintenance and operating procedures required pursuant to § 455.20(k) or provide a written justification for not implementing them pursuant to § 455.20(l)(3); and

(e) Submit an application in accordance with the provisions of this part and the approved State Plan.

§ 455.62 Contents of a technical assistance program.

(a) The purpose of a technical assistance program is to provide a report based on an on-site analysis of the building which meets the requirements of this section and the State's procedures for implementing this section.

(b) A technical assistance program shall be designed to identify and document energy conservation maintenance and operating procedure changes and energy conservation measures in sufficient detail to support possible application for an energy conservation measure grant and to provide reviewers and decision makers handling such applications sufficient information upon which to base a judgment as to their reasonableness and a decision whether to pursue any or all of the recommended improvements.

(c) A technical assistance program shall be conducted by a technical assistance analyst who has the qualifications established in the State Plan in accordance with § 455.20(r).

(d) At the conclusion of a technical assistance program, the technical assistance analyst shall prepare a report which shall include:

(1) A description of building characteristics and energy data including:

(i) The results of the energy audit or energy use evaluation of the building together with a statement as to the accuracy and completeness of the energy audit or energy use evaluation data and recommendations;

(ii) The operation characteristics of energy-using systems; and

(iii) The estimated remaining useful life of the building;

(2) An analysis of the estimated energy consumption of the building, by fuel type in total Btus and Btu/sq.ft./yr., using conversion factors prescribed by the State in the State Plan, at optimum efficiency (assuming implementation of all energy conservation maintenance and operating procedures);

(3) A description and analysis of all identified energy conservation maintenance and operating procedure changes, if any, and energy conservation measures selected in accordance with the State Plan, including renewable resource measures, setting forth:

(i) A description of each energy conservation maintenance and operating procedure change and an estimate of the costs of adopting such energy conservation maintenance and operating procedure changes;

(ii) An estimate of the cost of design, acquisition and installation of each energy conservation measure, discussing pertinent assumptions as necessary;

(iii) Estimated useful life of each energy conservation measure;

(iv) An estimate of any increases or decreases in maintenance and operating costs that would result from each conservation measure, if relevant to the cost effectiveness test applicable under this part;

(v) An estimate of any significant salvage value or disposal cost of each energy conservation measure at the end of its useful life if relevant to the cost effectiveness test applicable under this part;

(vi) An estimate, supported by all data and assumptions used in arriving at the estimate, of the annual energy savings, the annual cost of energy to be saved, and total annual cost savings using current energy prices including demand charges expected from each energy conservation maintenance and operating procedure change and the acquisition and installation of each energy conservation measure. In calculating the potential annual energy savings, annual cost of energy to be saved, or total annual cost savings of each energy conservation measure, including renewable resource measures, the technical assistance analyst shall:

(A) Assume that all energy savings obtained from energy conservation maintenance and operating procedures have been realized;

(B) Calculate the total annual energy savings, annual cost of energy to be saved, and total annual cost savings, by fuel type, expected to result from the acquisition and installation of the energy conservation measures, taking into account the interaction among the various measures;

(C) Calculate that portion of the total annual energy savings, annual cost of energy to be saved, and total annual cost savings, as determined in paragraph (d)(3)(vi)(B) of this section,

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attributable to each individual energy conservation measure; and

(D) Consider climate and other variables;

(vii) An analysis of the cost effectiveness of each energy conservation measure consistent with § 455.63 and, if applicable, § 455.64 of this part;

(viii) The estimated cost of the measure, which shall be the total cost for design and other professional service (excluding the cost of a technical assistance program), if any, and acquisition and installation costs. If required by the State in its State Plan, or if requested by the applicant, the technical assistance report shall provide a life-cycle cost analysis which is consistent with § 455.64 and states the discount and energy cost escalation rates that were used;

(ix) The simple payback period of each energy conservation measure, calculated pursuant to § 455.63(a);

(4) Energy use and cost data, actual or estimated, for each fuel type used for the prior 12-month period, by month, if possible;

(5) Documentation of demand charges paid by the institution for the prior 12-month period, by month if possible, when demand charges are included in current energy prices or when the technical assistance report recommends an energy conservation measure that shifts energy usage to periods of lower demand and cost; and

(6) A signed and dated certification that the technical assistance program has been conducted in accordance with the requirements of this section and that the data presented is accurate to the best of the technical assistance analyst's knowledge.

§ 455.63 Cost-effectiveness testing.

(a) This paragraph applies to calculation of the simple payback period of energy conservation measures.

(1) The simple payback period of each energy conservation measure (except measures to shift demand, or renewable resource measures) shall be calculated, taking into account the interactions among the various measures, by dividing the estimated total cost of the measure, as determined pursuant to § 455.62(d)(3)(ii), by the estimated annual cost savings accruing from the

measure (adjusted for demand charges), as determined pursuant to § 455.62(d)(3)(vi), provided that:

(i) At least 50 percent of the annual cost savings used in this calculation shall be from the cost of the energy to be saved or a higher percent if required by a State in its State Plan pursuant to § 455.20(u)(3); and

(ii) No more than 50 percent of the annual cost savings used in this calculation shall be from other cost savings, such as those resulting from energy conservation maintenance and operating procedures related to particular energy conservation measures, or from changes in type of fuel used, or a lower percent if required by a State in its State Plan pursuant to § 455.20(u)(3).

(2) The simple payback period of each renewable resource energy conservation measure shall be calculated, taking into account the interactions among the various measures, by dividing the estimated total cost of the measure, as determined pursuant to § 455.62(d)(3)(ii), by the estimated annual cost savings accruing from the measure taking into account at least the annual cost of the non-renewable fuels displaced less the annual cost of the renewable fuel, if any, and the annual cost of any backup non-renewable fuel needed to operate the system, adjusted for demand charges, as determined pursuant to § 455.62(d)(3)(vi).

(3) The simple payback period of each energy conservation measure designed to shift demand to a period of lower demand and lower cost shall be calculated, taking into account the interactions among the various measures, by dividing the estimated total cost of the measure, as determined pursuant to § 455.62(d)(3)(ii), by the estimated annual cost savings accruing from the measure taking into account at least the annual cost of the energy used before the measure is installed less the estimated annual cost of the energy to be used after the measure is installed, adjusted for demand charges, as determined pursuant to § 455.62(d)(3)(vi).

(b) This paragraph applies, in addition to paragraph (a) of this section, if the State plan requires the cost effectiveness of an energy conservation measure to be determined by life-cycle

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cost analysis or if the applicant requests such an analysis.

(1) A life-cycle cost analysis, showing a savings-to-investment ratio greater than or equal to one over the useful life of the energy conservation measure or 15 years, whichever is less, shall be conducted in accordance with the requirements set forth in the State Plan pursuant to §§ 455.20(u)(2), 455.20(u)(3) and § 455.64.

(2) The resulting savings-to-investment ratio shall be used for the purpose of ranking applications.

§ 455.64 Life-cycle cost methodology.

(a) The life-cycle cost methodology under § 455.63(b) of this part is a systematic comparison of the relevant significant cost savings and costs associated with an energy conservation measure over its expected useful life, or other appropriate study period with future cost savings and costs discounted to present value. The format for displaying life-cycle costs shall be a savings-to-investment ratio.

(b) An energy conservation measure must be cost effective, and its savings-to-investment ratio must be greater than or equal to one no earlier than the end of the second year of the study period.

(c) A savings-to-investment ratio is the ratio of the present value of net cost savings attributable to an energy conservation measure to the present value of the net increase in investment, maintenance and operating, and replacement costs less salvage value or disposal cost attributable to that measure over a study period.

(d) Except for energy conservation measures to shift demand or to use renewable energy resources, the numerator of the savings-to-investment ratio shall include net cost savings, appropriately discounted and adjusted for energy cost escalation consistent with paragraph (g) of this section, subject to the limitation that the cost of the energy to be saved shall constitute at least 50 percent of the net cost savings unless the State specifies a higher percent in its State plan pursuant to § 455.20(u)(3).

(e) With respect to energy conservation measures to shift demand or to use renewable energy resources, the

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numerator of the savings-to-investment ratio shall be net cost savings appropriately discounted and adjusted for energy cost escalation consistent with paragraph (g) of this section.

(f) The study period for a life-cycle cost analysis, which may not exceed 15 years, shall be the useful life of the energy conservation measure or of the energy conservation measure with the longest life (for purposes of ranking buildings with multiple energy conservation measures).

(g) The discount rate must equal or exceed the discount rate annually provided by DOE under 10 CFR part 436. The energy cost escalation rates must not exceed those annually provided by DOE under 10 CFR part 436.

(h) Investment costs may be assumed to be a lump sum occurring at the beginning of the base year, or to the extent that there are future investment costs, discounted to present value.

(i) The cost of energy and maintenance and operating costs may be assumed to begin to accrue at the beginning of the base year or when they are actually projected to occur.

(j) It may be assumed that costs occur in a lump sum at any time within the year in which they are incurred.

Subpart F—Energy Conservation Measures for Schools and Hospitals

§ 455.70 Purpose.

This subpart sets forth the eligibility criteria for schools and hospitals to receive grants for energy conservation measures, including renewable resource measures, and the elements of an energy conservation measure program.

§ 455.71 Eligibility.

(a) To be eligible to receive financial assistance for an energy conservation measure, including renewable resource measures, an applicant must:

(1) Be a school, hospital, or coordinating agency representing them as defined in § 455.2;

(2) Be located in a State which has an approved State Plan as described in subpart B of this part;

(3) Have completed a technical assistance program consistent with § 455.62,

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as determined by the State in accordance with the State Plan, for the building for which financial assistance is to be requested subsequent to the most recent construction, reconfiguration, or utilization change to the building which significantly modified energy use within the building;

(4) Have completed an updated technical assistance program if required in the State Plan as specified in § 455.20(q);

(5) Have implemented all energy conservation maintenance and operating procedures which are identified as the result of a technical assistance program or have provided pursuant to the State plan a satisfactory written justification for not implementing any specific maintenance and operating procedures so identified;

(6) Have met any requirements set forth in the State Plan pursuant to § 455.20(m) regarding the avoidance of supplanting other funds in the financing of energy conservation measures under this part;

(7) Have no plan or intention at the time of application to close or otherwise dispose of the building for which financial assistance is to be requested within the simple payback period or useful life (depending on the State's requirement for determining cost effectiveness) of any energy conservation measure recommended for that building; and

(8) Submit an application in accordance with the provisions of this part and the approved State Plan;

(b) To be eligible for financial assistance:

(1) In States where simple payback has been selected as the cost-effectiveness test pursuant to § 455.20(u)(2), the simple payback period of each energy conservation measure for which financial assistance is requested shall not be less than 2 years nor greater than 10 years, and the estimated useful life of the measure shall be greater than its simple payback period; or

(2) In States where life-cycle costing has been selected as the cost-effectiveness test pursuant to § 455.20(u)(2), the savings-to-investment ratio of each energy conservation measure must be greater than or equal to one under § 455.63(b)(1), over a period for analysis

which does not exceed 15 years, and the useful life of the energy conservation measure must be at least 2 years.

(c) Leased equipment is not eligible for financial assistance under this part. Equipment which becomes the property of the grantee at the conclusion of a long-term purchase agreement without any additional payment is eligible.

§ 455.72 Scope of the grant.

Financial assistance awarded under this subpart may be expended for the design (excluding design costs funded under the technical assistance program), acquisition, and installation of energy conservation measures to reduce energy consumption or measures to allow the use of renewable resources in schools and hospitals or to shift energy usage to periods of low demand and cost. Such measures include, but are not necessarily limited to, those included in the definition of "energy conservation measure" in § 455.2.

Subpart G—State Administrative Expenses

§ 455.80 Purpose.

This subpart describes what constitutes a State administrative expense that may receive financial assistance under this part and sets forth the eligibility criteria for States to receive grants for administrative expenses.

§ 455.81 Eligibility.

To be eligible to receive financial assistance for administrative expenses, a State must:

(a) Have in place a State Plan approved by DOE pursuant to § 455.21 and

(b) Be operating a program to provide technical assistance and energy conservation measure grants, or technical assistance, program assistance, and marketing (where energy conservation measures are funded non-Federally) to eligible institutions pursuant to this part.

§ 455.82 Scope of the grant.

A State's administrative expenses shall be limited to those directly related to administration of technical assistance programs, program assistance and marketing programs, and energy

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conservation measures including costs associated with:

(a) Personnel whose time is expended directly in support of such administration;

(b) Supplies and services expended directly in support of such administration;

(c) Equipment purchased or acquired solely for and utilized directly in support of such administration, subject to 10 CFR 600.436;

(d) Printing, directly in support of such administration; and

(e) Travel, directly related to such administration.

Subpart H—State Grants for Technical Assistance, Program Assistance, and Marketing

§ 455.90 Purpose.

This subpart describes what constitutes a State program for technical assistance, program assistance, and marketing that may receive financial assistance under this part and sets forth the eligibility criteria for States to receive grants for technical assistance, program assistance, and marketing.

§ 455.91 Eligibility.

To be eligible to receive financial assistance for technical assistance, program assistance, and marketing, a State must:

(a) Have in place a State Plan approved by DOE which includes a description of the State's program or programs to provide technical assistance, program assistance, and marketing, pursuant to § 455.20(j)(1);

(b) Have established a program consistent with this part to fund, from non-Federal sources, energy conservation measures for eligible institutions; and

(c) Provide to DOE a certification pursuant to § 455.122.

§ 455.92 State technical assistance awards.

Technical assistance awards by States under this subpart are subject to all requirements of this part which apply to DOE-awarded technical assistance program grants except that States:

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(a) Are not required to award the funds in grant instruments;

(b) May award the funds throughout the fiscal year subject to § 455.144(a)(3); and

(c) Are not required to rank applications under § 455.131(b) of this part.

Subpart I—Cost Sharing

§ 455.100 Limits to Federal share.

Amounts made available under this part, together with any other amounts made available from other Federal sources, may not be used to pay more than 50 percent of the costs of technical assistance programs and energy conservation measures unless the grantee qualifies for the exceptions specified in §§ 455.141(a), 455.142(a), 455.142(b), or for severe hardship assistance specified in § 455.142(c). In cases of severe hardship, the Federal share of the cost cannot exceed 90 percent.

§ 455.101 Borrowing the non-Federal share/title to equipment.

The non-Federal share of the costs of acquiring and installing energy conservation measures may be provided by using financing or other forms of borrowed funds, such as those provided by loans and performance contracts, even if such financing does not provide for the grantee to receive clear title to the equipment being financed until after the grant is closed out. However, grantees in such cases must otherwise meet all the requirements of this part, and financing and loan agreements and performance contracts under this section are subject to the requirements of 10 CFR part 600 and the certification requirements under § 455.111(e). Grantees must receive clear title to the equipment when the loan is paid off.

§ 455.102 Energy conservation measure cost-share credit.

To the extent a State provides in its State Plan, DOE may wholly or partially credit the costs of the following, with respect to a building, toward the required cost-share for an energy conservation measure grant in that building:

(a) A non-Federally funded technical assistance program;

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(b) A non-Federally funded technical assistance program update to comply with § 455.20(q); and

(c) The non-Federally funded implementation of one or more energy conservation measures, which complies with the eligibility criteria set forth in § 455.71.

§ 455.103 Requirements for applications for credit.

(a) If a State has provided for credit in its State Plan pursuant to § 455.20(w), applications for credit will be considered only when the technical assistance programs or updates and the energy conservation measure projects for which credit is sought meet the applicable program requirements, such as those specified in § 455.61, § 455.62, § 455.71, and the relevant sections of 10 CFR part 600, except that the project need not comply with the Davis-Bacon Act regarding labor standards or wage rates.

(b) Credit for energy conservation measures will be considered only when supported by a technical assistance analysis that meets the requirements of § 455.62 and that was performed prior to the installation of the energy conservation measures.

§ 455.104 Rebates from utilities and other entities.

(a) Grantees which receive rebates or other monetary considerations from utilities or other entities for installing the energy conservation measures funded by a grant under this part may use such funds to meet their cost-sharing obligations pursuant to § 455.100.

(b) Where the rebate or monetary consideration does not exceed the non-Federal share of the cost of the measures applied for in a grant application, grantees are not required to deduct the amount of the rebate or monetary consideration from the cost of the measures, and DOE does not consider such rebates or monetary considerations to be program income which would have to be remitted to DOE upon receipt by the grantee.

(c) Where the rebate or monetary consideration does exceed the non-Federal share of the cost of the measures applied for in a grant application, grantees may use the excess to fund ad-

ditional measures if such measures have been recommended in the technical assistance report. If it is not possible to use the excess funding in this way, the grantee must reduce the cost—and DOE will reduce the Federal share—by the amount of the excess above the non-Federal share.

Subpart J—Applicant Responsibilities—Grants to Institutions and Coordinating Agencies

§ 455.110 Grant application submittals for technical assistance and energy conservation measures.

(a) Each eligible applicant desiring to receive financial assistance (either from DOE directly, through a State serving as a coordinating agency, or through another organization serving as a coordinating agency) shall file an application in accordance with the provisions of this subpart and the approved State Plan of the State in which such building is located. The application, which may be amended in accordance with applicable State procedures at any time prior to the State's final determination thereon, shall be filed with the State energy agency designated in the State Plan. Coordinating agencies shall file a single application with DOE which includes all of the information required below for each building for which assistance has been requested and to which is attached a copy of each application from each building owner.

(b) Applications from schools, hospitals, units of local government, public care institutions, and coordinating agencies for financial assistance for technical assistance programs shall include the certifications contained in § 455.111 and:

(1) The applicant's name and mailing address;

(2) The energy audit or energy use evaluation required by the State pursuant to § 455.20(k) for each building for which financial assistance is requested;

(3) A project budget, by building, which stipulates the intended use of all Federal and non-Federal funds, including in-kind contributions (valued in accordance with the guidelines in 10 CFR part 600), to be used to meet the cost-

sharing requirements described in subpart I of this part;

(4) A brief description, by building, of the proposed technical assistance program, including a schedule, with appropriate milestone dates, for completing the technical assistance program;

(5) Additional information required by the applicable State Plan and any other information which the applicant desires to have considered, such as information to support an application from a school or hospital for financial assistance in excess of the 50 percent Federal share on the basis of severe hardship or an application which proposes the use of Federal funds, paid under and authorized by another Federal agreement to meet cost sharing requirements.

(c) Applications from schools and hospitals and coordinating agencies for financial assistance for energy conservation measures, including renewable resource measures, shall include the certifications contained in §455.111 and:

(1) The applicant's name and mailing address;

(2) A description of each building for which financial assistance is requested sufficient to determine the building's eligibility, ownership, use, and size in gross square feet;

(3) A project budget, by measure or building, as provided in the State Plan which stipulates the intended use of all Federal and non-Federal funds and identifies the sources and amounts of non-Federal funds, including in-kind contributions (valued in accordance with the guidelines in 10 CFR part 600) to be used to meet the cost-sharing requirements described in subpart I of this part;

(4) A schedule, including appropriate milestone dates, for the completion of the design, acquisition, and installation of the proposed energy conservation measures for each building;

(5) For each energy conservation measure proposed for funding, the projected cost, the projected simple payback period, and if appropriate, the life-cycle cost savings-to-investment ratio calculated under §455.64. Applications with more than one energy conservation measure per building shall include projected costs and paybacks,

and if appropriate, the savings-to-investment ratios for each measure and the average simple payback period or overall savings-to-investment ratio for all measures proposed for the building;

(6) The report of the technical assistance analyst (unless waived by DOE because the report is already in its possession). This report must have been completed since the most recent construction, reconfiguration, or utilization change to the building which significantly modified energy use, for each building;

(7) An update of the technical assistance program report if required by the State in its State Plan and as specified in §455.20(q);

(8) If the applicant is aware of any adverse environmental impact which may arise from adoption of any energy conservation measure, an analysis of that impact and the applicant's plan to minimize or avoid such impact; and

(9) Additional information required by the applicable State Plan, and any additional information which the applicant desires to have considered, such as information to support an application for financial assistance in excess of the non-Federal share set forth in the State plan on the basis of severe hardship, or an application which proposes the use of Federal funds paid under and authorized by another Federal agreement to meet cost sharing requirements.

§455.111 Applicant certifications for technical assistance and energy conservation measure grants to institutions and coordinating agencies.

Applications for financial assistance for technical assistance programs and energy conservation measures, including renewable resource measures, shall include certification that the applicant:

(a) Is eligible under §455.61 for technical assistance or §455.71 for energy conservation measures;

(b) Has satisfied the requirements set forth in §455.110;

(c) For applications for technical assistance, has implemented all energy conservation maintenance and operating procedures recommended in the energy audit pursuant to §455.20(k), if done, and for applications for energy

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conservation measures, those recommended in the report obtained under a technical assistance program pursuant to §455.62. If any such procedure has not been implemented, the application shall contain a satisfactory written justification consistent with the State plan for not implementing that procedure;

(d) Will obtain from the technical assistance analyst, before the analyst performs any work in connection with a technical assistance program or energy conservation measure, a signed statement certifying that the technical assistance analyst has no conflicting financial interest and is otherwise qualified to perform the duties of technical assistance analyst in accordance with the standards and criteria established in the approved State Plan;

(e) When using borrowed funds for the non-Federal share of an energy conservation project where a lien is placed by the lender on equipment funded under the grant, will obtain clauses in the financing contract:

(1) Stating the percent of DOE interest in the equipment (i.e., the percent of the total cost provided by the grant); and

(2) Requiring lender notification, with certified return receipt requested, to the applicable Support Office Director of the filing of a lawsuit seeking a remedy for a default; and

(f) Will comply with all reporting requirements contained in §455.113.

§455.112 Davis-Bacon wage rate requirement.

When an energy conservation measure or group of measures in a building, funded under this part, has a total estimated cost for acquisition and installation of more than \$5,000, any construction contract or subcontract in excess of \$2,000, using any grant funds awarded under this part must include:

(a) Those contract labor standards provisions set forth in 29 CFR 5.5 and

(b) A provision for payment of laborers and mechanics at the minimum wage rates determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 276a) as set forth in 29 CFR part 1.

§455.113 Grantee records and reports for technical assistance and energy conservation measure grants to institutions and coordinating agencies.

(a) Each unit of local government or public care institution which receives a grant for a technical assistance program and each school, hospital, and coordinating agency which receives a grant for a technical assistance program or an energy conservation measure, including renewable resource measures, shall keep all the records required by §455.4 in accordance with this part and the DOE Financial Assistance Rules.

(b) Each grantee shall submit reports as follows:

(1) For technical assistance programs, two copies of a final report of the analysis completed on each building for which financial assistance was provided shall be submitted, either both to the State energy agency, or one to the State energy agency, and one to DOE as agreed upon between the State and the DOE Support Office no later than 90 days following completion of the analysis. These reports shall contain:

(i) The report submitted to the institution by the technical assistance analyst, and

(ii) The institution's plan to implement energy conservation maintenance and operating procedures;

(2) For energy conservation measure projects:

(i) Semi-annual progress reports. Two copies shall be submitted, either both to the State energy agency or one to the State energy agency and one to DOE, as agreed upon between the State and the DOE Support Office, no later than the end of July (for the period January 1 through June 30), and January (for the period July 1 through December 31) and shall detail and discuss milestones accomplished, those not accomplished, status of in-progress activities, and remedial actions if needed to achieve project objectives. Reports of coordinating agency grantees shall include financial assistance which an institution declines or does not use as a result of a change in scope. A final report may be submitted in lieu of the last semi-annual report if it satisfies

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the semi-annual progress report and final report designated time frames;

(ii) A final report. Two copies shall be submitted, either both to the State energy agency or one to the State energy agency and one to DOE, as agreed upon between the State and the DOE Support Office, within 90 days of the completion of the project and shall list and describe the energy conservation measures acquired and installed, contain a final actual cost and a final estimated simple payback period for each measure and the project as a whole, or a final savings-to-investment ratio for each measure and the project as a whole (depending on the State requirement), and include a statement that the completed energy conservation measures conform to the approved grant application;

(iii) Annual energy use reports from a representative sample to be selected by the State which will reflect the grantee's actual post-retrofit energy use experiences for 3 years after project completion. Two copies of these reports shall be submitted, either both to the State energy agency or one to the State energy agency and one to DOE, as agreed upon between the State and the DOE Support Office within 60 days after the end of each 12-month period covered in the reports and shall identify each building and provide data on energy use for that building for the relevant 12-month period. To the extent feasible, energy consumption data in each annual report should be the monthly usage data by fuel or energy type, and the reports should include brief descriptions of any changes in building usage, equipment, or structure occurring during the reporting period.

(3) Each copy of any technical assistance or energy conservation measure report shall be accompanied by a financial status report completed in accordance with the documents listed in § 455.3;

(4) In cases where both copies of the grantee technical assistance, energy conservation measure, and financial status reports are submitted to the State, as agreed upon between the State and the DOE Support Office, the State shall in turn submit copies to DOE on a mutually agreed-upon schedule; and

(5) Such other information as DOE may from time to time request.

Subpart K—Applicant Responsibilities—Grants to States

§ 455.120 Grant applications for State administrative expenses.

Each State desiring to receive grants to help defray State administrative expenses shall file an application in accordance with the provisions of this section.

(a) Where a State is operating a program solely to provide grants to schools and hospitals, the maximum amount of administrative expenses the State may apply for is \$50,000 or 5 percent of the Federal share of its schools and hospitals grant awards, whichever is greater.

(1) At any time after notice by DOE of the amounts allocated to each State for a grant program cycle, each State may apply to DOE for an amount for administrative expenses not exceeding \$50,000.

(2) After making a submittal to DOE as required under § 455.133, each State may apply for a further grant not exceeding 5 percent of the total Federal share of all grant awards for technical assistance and energy conservation measures within the State, less the \$50,000 provided for in paragraph (a)(1) of this section if that was previously awarded to the State for administrative expenses in the same grant program cycle.

(b) Where a State is eligible and elects to apply to use its appropriated allocation for grants for technical assistance, program assistance, and/or marketing pursuant to § 455.121, the maximum amount of administrative expenses the State may apply for is \$50,000 or 5 percent of the total amount obligated or legally committed to eligible recipients in the State pursuant to the State's program under this part, whichever is greater.

(1) At any time after notice by DOE of amounts allocated to each State for a grant program cycle, each State may apply to DOE for an amount for administrative expenses not exceeding \$50,000.

(2) Once the total amount obligated or legally committed to the program in

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the cycle is known, a State may subsequently apply for a further grant, not exceeding 5 percent of the total amount (less the \$50,000 provided for in paragraph (b)(1) of this section if that was previously awarded to the State for administrative expenses in the same fiscal year) obligated or legally committed to eligible recipients in the State during the fiscal year for technical assistance, program assistance, and marketing, and for energy conservation measures which are funded with non-Federal funds but which meet the certification and other requirements of this part for such energy conservation measures.

(3) The aggregate amount applied for to cover State administrative expenses, technical assistance, program assistance, and marketing cannot exceed the State's allocation for the fiscal year.

(c) In the event that a State cannot, or decides not to use the amount available to it for an administrative grant under this section for administrative purposes, these funds may, at the discretion of the State, be used for technical assistance and energy conservation measure grants to eligible institutions within that State in accordance with this part.

(d) Applications for financial assistance to defray State administrative expenses shall include:

(1) The name and address of the person designated by the State to be responsible for the State's functions under this part;

(2) An identification of intended use of all Federal and non-Federal funds to be used for the State administrative expenses listed in §455.82; and

(3) Any other information required by DOE.

§455.121 Grant applications for State technical assistance, program assistance, and marketing programs.

(a) A State may apply for up to 100 percent of the amount allocated to it for a grant program cycle to fund administrative expenses under §455.120 and technical assistance and program assistance programs, or for up to 50 percent of the amount allocated to it for a grant program cycle to fund marketing programs provided that:

(1) The State has established a program to fund technical assistance, program assistance, or marketing programs, and has described its program or programs in its State Plan, as specified in §455.20(j);

(2) The State has a program or programs established consistent with this part of that fund, from non-Federal sources, energy conservation measures eligible under this part;

(3) Not more than 15 percent of the aggregate amount of Federal and non-Federal funds legally committed or obligated to eligible recipients in the State to provide program assistance, marketing and technical assistance programs, implement energy conservation measures consistent with this part, and otherwise carry out a program pursuant to this part for the fiscal year concerned are expended for program assistance, technical assistance and marketing costs for such program;

(4) The energy conservation measures funded from non-Federal sources under this section would be eligible for funding under §455.71; and

(5) The institutions undertaking the non-Federally funded energy conservation measures do so in accordance with all applicable Federal, State, and local laws and regulations with particular attention paid to applicable Federal and State non-discrimination laws and regulations.

(b) Applications for financial assistance to defray State technical assistance, program assistance, or marketing expenses shall include:

(1) The name and address of the person designated by the State to be responsible for the State's functions under this part;

(2) An identification of intended use of all Federal and non-Federal funds for the State administrative expenses listed in §455.82, or the technical assistance, program assistance, or marketing programs pursuant to this section;

(3) Descriptions of the activities to be implemented together with a description of the State's program to provide non-Federal sources of funding to carry out the State's program(s) for energy conservation measures consistent with this part;

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(4) A certification that the 15 percent limit specified in subparagraph (a)(3) of this section will not be exceeded; and

(5) Any other information required by DOE.

§ 455.122 Applicant certifications for State grants for technical assistance, program assistance, and marketing.

Applications from States for financial assistance for technical assistance programs, program assistance, and marketing shall include certifications that the State:

(a) Has established a program or programs to fund, from non-Federal sources, energy conservation measures for eligible buildings consistent with this part;

(b) Will not expend, for technical assistance, program assistance, and marketing, more than 15 percent of the aggregate amount of Federal and non-Federal funds legally obligated or committed to eligible recipients in the State to provide technical assistance, program assistance, marketing programs, implement energy conservation measures consistent with this part, and otherwise carry out a program pursuant to this part for the fiscal year concerned; and

(c) Has provided for regular DOE-funded grants to eligible religiously affiliated institutions if the State has a State constitutional or other legal prohibition on providing State assistance to such institutions and if such institutions would be ineligible to apply for the non-Federally funded energy conservation measures or State-funded technical assistance.

§ 455.123 Grantee records and reports for State grants for administrative expenses, technical assistance, program assistance, and marketing.

(a) Each State which receives a grant for administrative expenses, or a grant for technical assistance programs, program assistance, or marketing shall keep all the records required by § 455.4 in accordance with this part and the DOE Financial Assistance Rules.

(b) Each State shall submit a semi-annual program performance report to DOE by the close of each February and August, including, but not limited to:

(1) A discussion of administrative activities pursuant to § 455.82, if a State has received a grant to fund such activities, and a discussion of milestones accomplished, those not accomplished, status of in-progress activities, problems encountered, and remedial actions, if any, planned pursuant to § 455.135(f);

(2) A discussion of technical assistance, program assistance, and/or marketing programs pursuant to § 455.121, if the State has received grants to fund such activities, including a discussion of the results of the State's program to non-Federally fund energy conservation measures consistent with this part pursuant to § 455.121, with a list of buildings receiving assistance for technical assistance programs and a list of buildings which obtained energy conservation measures using non-Federal funds, including the name and address of each building, the amount and type of funding provided to each, and for energy conservation measures, the types of measures funded in each building together with each measure's total estimated cost and estimated annual cost savings, annual energy savings, and the annual cost of the energy to be saved (determined pursuant to § 455.62(d)) consistent with the data currently provided to DOE on all ICP grants;

(3) A summary of grantee reports received by the State during the report period pursuant to §§ 455.113(b)(1) and (b)(2);

(4) For the report due to be submitted to DOE by the close of each August, an estimate of annual energy use reductions in the State, by energy source, attributable to implementation of energy conservation maintenance and operating procedures and installation of energy conservation measures under this part. Such estimates shall be based upon a sampling of institutions participating in the technical assistance phase of this program and upon the energy use reports submitted to the State pursuant to § 455.113(b)(2)(iii); and

(5) Such other information as DOE may from time to time request.

(c) Each copy of any report covering grants for State administrative, technical assistance, program assistance,

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or marketing expenses shall be accompanied by a financial status report completed in accordance with the documents listed in §455.3. In addition, States shall file quarterly financial status reports for the quarters which occur between the semi-annual report periods covered in their program performance reports. These quarterly reports are due within 30 days following the end of the applicable quarters.

Subpart L—State Responsibilities

§455.130 State evaluation of grant applications.

(a) If an application received by a State is reviewed and evaluated by that State and determined to be in compliance with subparts E, F, and J of this part, §455.130(b), any additional requirements of the approved State Plan, State environmental laws, and other applicable laws and regulations, then such application will be eligible for financial assistance.

(b) Concurrent with its evaluation and ranking of grant applications pursuant to §455.131, the State will forward applications for technical assistance or for energy conservation measures for schools to the State school facilities agency for review and certification that each school application is consistent with related State programs for educational facilities. For hospitals the certification requirement applies only if there is a State requirement for it in which case the procedure should be described in the State Plan.

§455.131 State ranking of grant applications.

(a) Except as provided by §455.92 of this part, all eligible applications received by the State will be ranked by the State in accordance with its approved State Plan.

(b) For technical assistance programs, buildings shall be ranked in descending priority based upon the energy conservation potential, on a savings percentage basis, of the building as determined in the energy audit or energy use evaluation pursuant to §455.20(k). Each State shall develop separate rankings for all buildings covered by eligible applications for:

(1) Technical assistance programs for units of local government and public care institutions and

(2) Technical assistance programs for schools and hospitals.

(c) All eligible applications for energy conservation measures received will be ranked by the State on building-by-building or a measure-by-measure basis. If a State ranks on a building-by-building basis, several buildings may be ranked as a single building if the application proposes a single energy conservation measure which is physically connected to all of the buildings. If a State ranks on a measure-by-measure basis, a measure that is physically connected to a number of buildings may be ranked as a single measure. Buildings or measures shall be ranked in accordance with the procedures established by the State Plan on the basis of the information developed during a technical assistance program (or its equivalent) for the building and the criteria for ranking applications. The criterion set forth in paragraph (1) of this subsection shall receive at least 50 percent of the weight given to the criteria used to rank applications. Each State may assign weights to the other criteria as set forth in the State Plan pursuant to §455.20(e). The criteria for ranking applications are:

(1) Simple payback or a life-cycle cost analysis, calculated in accordance with §455.63 and §455.64, as applicable;

(2) The types and quantities of energy to be saved, including oil, natural gas, or electricity, in a priority as established in the approved State Plan;

(3) The types of energy sources to which conversion is proposed, including renewable energy;

(4) The quality of the technical assistance program report; and

(5) Other factors as determined by the State.

(d) A State is exempt from the ranking requirements of this section when:

(1) The total amount requested by all applications for schools and hospitals for technical assistance and energy conservation measures in a given grant program cycle for grants up to 50 percent is less than or equal to the funds available to the State for such grants and the total amount recommended for

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hardship funding is less than or equal to the amounts available to the State for such grants and

(2) The total amount requested by all applications for buildings owned by units of local government and public care institutions in a given grant program cycle is less than or equal to the total amount allocated to the State for technical assistance program grants in the State;

(e) If a State elects to permit applications for credit pursuant to § 455.102, such applications for completed or partially completed energy conservation measures shall reflect both the work done and the work to be done and will be reviewed and ranked on the basis of the cost of all of the measures in the project. The credit shall not exceed the non-Federal share of the proposed additional energy conservation measures (and the Federal share shall not exceed the cost of the work remaining to be done).

(f) Within the rankings of school and hospital buildings for technical assistance and energy conservation measures including renewable resource measures to the extent that approvable applications are submitted, a State shall initially assure that:

(1) Schools receive at least 30 percent of the total funds allocated for schools and hospitals to the State in any grant program cycle and

(2) Hospitals receive at least 30 percent of the total funds allocated for schools and hospitals to the State in any grant program cycle.

(g) If there are insufficient applications from schools or hospitals to cover the respective 30 percent requirements specified in paragraph (f) of this section, then the State may recommend use of the remaining funds in those allocations for other qualified applicants.

§ 455.132 State evaluation of requests for severe hardship assistance.

(a) To the extent provided in § 455.30(d), financial assistance will be initially available for schools and hospitals experiencing severe hardship based upon an applicant's inability to provide the non-Federal share as specified in the State plan pursuant to § 455.20(g). This financial assistance will

be available only to the extent necessary to enable such institutions to participate in the program.

(b) The State shall recommend funds for severe hardship applications wholly or partially from the funds reserved in accordance with § 455.30(d) and as stated in an approved State Plan.

(c) Applications for Federal funding in excess of the non-Federal share in the State plan pursuant to § 455.20(x) based on claims of severe hardship shall be given an additional evaluation by the State to assess on a quantifiable basis to the maximum extent practicable the relative need among eligible institutions. The minimum amount of additional Federal funding necessary for the applicant to participate in the program will be determined by the State in accordance with the procedures established in the State Plan. The primary consideration shall be the institution's inability to provide the non-Federal share of the project cost as specified in the State plan pursuant to § 455.20(x). Secondary criteria such as climate, fuel cost and fuel availability, borrowing capacity, median family income in the area, and other relevant factors as determined by the State may be addressed in the State Plan as specified in § 455.20(g).

(d) A State shall indicate, for those schools and hospitals with the highest rankings, determined pursuant to § 455.131(b) and (c):

(1) The amount of additional hardship funding requested by each eligible applicant for each building determined to be in a class of severe hardship and

(2) The amount of hardship funding recommended by the State based upon relative need, as determined in accordance with the State Plan, to the limit of the hardship funds available. The State must decide on a case-by-case basis whether, and to what extent, it will recommend hardship funding.

(e) If there are insufficient applications from hardship applicants to cover the 10 percent allocation provided for in § 455.30(d), then the State may recommend use of the remaining funds for other qualified applicants. The total amount recommended for hardship grants cannot exceed the 10 percent limit.

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§ 455.133 Forwarding of applications from institutions and coordinating agencies for technical assistance and energy conservation measure grants.

(a) Except as provided by § 455.92 of this part, each State shall forward all applications recommended for funding within its allocation to DOE once each program cycle along with a listing of buildings or measures covered by eligible applications for schools, hospitals, units of local government, and public care institutions ranked by the State if necessary pursuant to the provisions of § 455.131. If ranking has been employed, the list shall include the standings of buildings or measures.

(1) Measure-by-measure rankings will be recombined for the respective buildings with more than one recommended measure and

(2) Buildings will be consolidated under one grantee application.

(b) The State shall indicate the amount of financial assistance requested by the applicant for each eligible building and, for those buildings recommended for funding within the limits of the State's allocation, the amount recommended for funding. If the amount recommended is less than the amount requested by the applicant, the list shall also indicate the reason for that recommendation.

(c) The State shall indicate that it has reviewed and evaluated all of the submitted applications and that those applications meet the relevant requirements of the program, and shall certify that applications submitted are eligible pursuant to § 455.130(a).

§ 455.134 Forwarding of applications for State grants for technical assistance, program assistance, and marketing.

A State eligible to apply for grants for technical assistance, program assistance, or marketing, as described in § 455.121, may submit such an application to DOE any time after the allocations have been announced as part of, or in lieu of, an application for a grant for State administrative expenses. Such applications shall provide separate narrative descriptions, budgets and appropriate milestone dates, covering each activity or program, that

are sufficiently detailed to enable DOE to reasonably evaluate the application.

§ 455.135 State liaison, monitoring, and reporting.

Each State shall be responsible for:

(a) Consulting with eligible institutions and coordinating agencies representing such institutions in the development of its State Plan;

(b) Notifying eligible institutions and coordinating agencies of the content of the approved State Plan and any amendment to a State Plan;

(c) Notifying each applicant how the applicant's building or measure ranked among other applications, and whether and to what extent its application will be recommended for funding or if not to be recommended for funding, the specific reasons(s) therefor;

(d) Certifying that each institution has given its assurance that it is willing and able to participate on the basis of any changes in amounts recommended for that institution in the State ranking pursuant to § 455.131;

(e) Reporting requirements pursuant to § 455.113; and

(f) Direct program oversight and monitoring of the activities for which grants are awarded as defined in the State Plan. States shall immediately notify DOE of any noncompliance or indication thereof.

Subpart M—Grant Awards

§ 455.140 Approval of applications from institutions and coordinating agencies for technical assistance and energy conservation measures.

(a) DOE shall review and approve applications submitted by a State in accordance with § 455.133 if DOE determines that the applications meet the objectives of the Act, and comply with the applicable State Plan and the requirements of this part. DOE may disapprove all or any portion of an application to the extent funds are not available to carry out a program or measure (or portion thereof) contained in the application, or for such other reason as DOE may deem appropriate.

(b) DOE shall notify a State and the applicant of the final approval or disapproval of an application at the earliest practicable date after the DOE receipt of the application, and, in the event of disapproval, shall include a statement of the reasons therefor.

(c) An application which has been disapproved for reasons other than lack of funds may be amended to correct the cause of its disapproval and resubmitted in the same manner as the original application at any time within the same grant program cycle. Such an application will be considered to the extent funds have not already been designated for applicants by the ranking process at the time of resubmittal. However, nothing in this provision shall obligate either the State or DOE to take final action regarding a resubmitted application within the grant program cycle. An application not acted upon may be resubmitted in a subsequent grant program cycle.

(d) DOE shall not provide supplemental funds to cover cost overruns or other additional costs beyond those provided for in the original grant award for technical assistance projects and shall fund only one technical assistance project per building.

(e) DOE shall not provide supplemental funds to cover cost overruns or other additional costs beyond those provided for in the original grant award for energy conservation measures funded under a grant in a given grant program cycle. DOE shall not provide funds to cover energy conservation measures intended to replace energy conservation measures funded in an earlier grant cycle unless the State has funds remaining after all applications for new energy conservation measures have been evaluated and submitted to DOE for funding.

(f) If provided for in the State Plan, an applicant may reapply for a technical assistance program or an energy conservation measure grant which was included in a prior grant application but which was not implemented and for which no funds were expended.

(g) An applicant may apply for, and DOE may make, grant awards in another grant program cycle for additional energy conservation measures which relate to a building which pre-

viously received grants for other energy conservation measures.

(h) Funds which become available to a grantee after the installation of all approved measures, due to cost underruns in the installed measures, may be used by the grantee for additional measures if such measures are approved in writing by the State and DOE.

(i) DOE may fund costs incurred by an applicant for technical assistance and energy conservation measure projects after the date of the grant application, so long as that date is no earlier than the close of the preceding grant program cycle. Such costs may be funded when, in the judgment of DOE, the applicant has complied with program requirements and the costs incurred are allowable under applicable cost principles and the approved project budget. The applicant bears the responsibility for the entire project cost unless the application is approved by DOE in accordance with this part.

(j) In addition to the prior approval requirements for project changes as specified in the DOE Financial Assistance Rules (10 CFR part 600), a grantee shall request prior written approval from DOE before:

(1) Transferring DOE or matching amounts between buildings included in an approved application when the State ranks applications on a building-by-building basis or

(2) Transferring DOE or matching amounts between energy conservation measures included in an approved application when the State ranks on a measure-by-measure basis.

§455.141 Grant awards for units of local government, public care institutions, and coordinating agencies.

(a) DOE may make grants to units of local government, public care institutions, and coordinating agencies representing them for up to 50 percent of the costs of performing technical assistance programs for buildings covered by an application approved in accordance with §455.140 except that in the case of units of local government and public care institutions a majority of whose operating and capital funds are provided by the Government of the U.S. Virgin Islands, Guam, American

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Samoa, or the Commonwealth of the Northern Mariana Islands, a grant may be made for up to 100 percent of such costs.

(b) Total grant awards within any State to units of local government and public care institutions are limited to funds allocated to each State in accordance with § 455.30.

(c) Units of local government and public care institutions are not eligible for financial assistance for severe hardship.

§ 455.142 Grant awards for schools, hospitals, and coordinating agencies.

(a) DOE may make grants to schools, hospitals, and coordinating agencies for up to 50 percent of the costs of performing technical assistance programs for buildings covered by an application approved in accordance with § 455.140; except that in the case of schools and hospitals a majority of whose operating and capital funds are provided by the Government of the U.S. Virgin Islands, Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands a grant may be made for up to 100 percent of such costs. Grant awards for technical assistance programs in any State within any grant program cycle shall be limited to a portion of the total allocation as specified in § 455.30(b)(1).

(b) DOE may make grants to schools, hospitals and coordinating agencies for up to 50 percent of the costs of acquiring and installing energy conservation measures, including renewable resource measures, for buildings covered by an application approved in accordance with § 455.140, except that in the case of schools and hospitals a majority of whose operating and capital funds are provided by the Government of the U.S. Virgin Islands, Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands, a grant may be made for up to 100 percent of such costs.

(c) DOE may award up to 10 percent of the total amount allocated to a State for schools and hospitals in cases of severe hardship, ascertained by the State in accordance with the State Plan, for buildings recommended and

in amounts determined by the State pursuant to § 455.132(d)(2).

§ 455.143 Grant awards for State administrative expenses.

(a) For the purpose of defraying State expenses in the administration of technical assistance programs in accordance with subpart E and energy conservation measures in accordance with subpart F or energy conservation measures non-Federally funded pursuant to § 455.121, DOE may make grant awards to a State:

(1) Immediately following public notice of the amounts allocated to a State for the grant program cycle, and upon approval of the application for administrative costs, in an amount not exceeding \$50,000;

(2) Concurrent with grant awards for approved applications for technical assistance or energy conservation measures for institutions in that State and upon approval of an application for administrative costs, in an amount not exceeding the difference between the amount granted pursuant to paragraph (a)(1) of this section and 5 percent of the Federal share of the total amount of grants awarded within the State for technical assistance programs and energy conservation measures in the applicable grant program cycle; or

(3) Upon receipt by DOE of documentation from the State demonstrating that sufficient non-Federal funding has been obligated or legally committed to schools and hospitals for energy conservation measures pursuant to § 455.121(a) and § 455.123(b)(2), and upon approval of an application for administrative costs, in an amount not exceeding the difference between the amount granted pursuant to paragraph (a)(1) of this section and 5 percent of the aggregate Federal and non-Federal funds obligated or legally committed to eligible recipients in the State to provide technical assistance, program assistance, and marketing programs and implement energy conservation measures consistent with this part, for the fiscal year concerned.

(b) Grants for such purposes may be made for up to 100 percent of the projected administrative expenses, not to exceed the State's allocation or the

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\$50,000 or 5 percent limit, as approved by DOE.

(c) The total of all grants for State administrative costs, technical assistance programs, and energy conservation measures (or for State administrative costs, technical assistance, program assistance, and marketing, if the State elects and is eligible to apply for such grants) in that State shall not exceed the total amount allocated for that State for any grant program cycle.

(d) In the event that a State cannot or decides not to use the amount available to it for an administrative grant under this section for administrative purposes, these funds may, at the discretion of the State, be used for technical assistance and energy conservation grants to eligible institutions within that State in accordance with this part.

§ 455.144 Grant awards for State programs to provide technical assistance, program assistance, and marketing.

(a) For the purpose of defraying State expenses in the administration of special programs to provide technical assistance and program assistance pursuant to § 455.121, DOE may make a grant award to a State for up to 100 percent of the funds allocated to the State for the grant program cycle, provided that the State meets the requirements described in § 455.121(b). In addition:

(1) Funds for individual technical assistance programs provided by the State pursuant to this section shall not exceed 50 percent of the cost of the technical assistance program;

(2) Grants for program assistance may be made for up to 100 percent of a State's projected program assistance expenses; and

(3) Grants for State technical assistance, and program assistance programs may be awarded by DOE upon approval of an application from the State.

(b) For the purpose of defraying State expenses in the administration of a marketing program pursuant to § 455.121, DOE may make a grant award to a State for up to 50 percent of the funds allocated to the State for the grant program cycle, provided that the

State meets the requirements described in § 455.121(b). In addition:

(1) Grants for marketing may be made for up to 100 percent of a State's projected marketing expenses; and

(2) Such grants may be awarded by DOE upon approval of an application from the State.

(c) If a State provides a certification under section 455.121(b) and is unable to document that the required non-Federal funding levels for energy conservation measures were achieved substantially for the previous fiscal year for which a similar certification was submitted, DOE may deny the application, accept it after the percentage of allocated funds is reduced in light of past performance, or take other appropriate action.

(d) In the event that a State, after receiving a grant under this section, cannot or decides not to use all or part of the amount available to it for technical assistance, program assistance, and marketing, these funds may, at the discretion of the State and after appropriate application to and approval of DOE, be used for technical assistance and energy conservation grants to eligible institutions within that State in accordance with this part.

Subpart N—Administrative Review

§ 455.150 Right to administrative review.

(a) A State shall have a right to file a notice requesting administrative review of a decision under § 455.143 by a Support Office Director to disapprove an application for a grant award for State administrative expenses subject to special conditions or a decision under § 455.21 of this part by a Support Office Director to disapprove a State Plan or an amendment to a State Plan.

(b) A State shall have a right to file a notice requesting administrative review of a decision under § 455.144 by a Support Office Director to disapprove an application for a grant award for State technical assistance, program assistance, or marketing programs.

(c) A school, hospital, coordinating agency, or State acting as an institution's duly authorized agent shall have a right to file a notice requesting administrative review of a decision under

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§ 455.140 by a Support Office Director to disapprove an application for a grant award to perform technical assistance programs or to acquire and install an energy conservation measure if the disapproval is based on a determination that:

(1) The applicant is ineligible, under § 455.61 or § 455.71 or for any other reason; or

(2) An energy use evaluation submitted in lieu of an energy audit is unacceptable under the State Plan; or

(3) A technical assistance program equivalent performed without the use of Federal funds does not comply with the requirements of § 455.62 for purposes of satisfying the eligibility requirements of § 455.71(a)(3).

§ 455.151 Notice requesting administrative review.

(a) Any applicant shall have 20 days from the date of receipt of a decision subject to administrative review under § 455.150 to disapprove its application for a grant award to file a notice requesting administrative review. If an applicant does not timely file such a notice, the decision to disapprove shall become final for DOE.

(b) A notice requesting administrative review shall be filed with the Support Office Director and shall be accompanied by a written statement containing supporting arguments.

(c) If the applicant is a State appealing pursuant to paragraph (a) of § 455.150, the State shall have the right to a public hearing. To exercise that right, the State must request such a hearing in the notice filed under paragraph (b) of this section. A public hearing under this section shall be informal and legislative in nature.

(d) A notice or any other document shall be deemed filed under this subpart upon receipt.

§ 455.152 Transmittal of record on review.

On or before 15 days from receipt of a notice requesting administrative review which is timely filed, the Support Office Director shall forward to the Deputy Assistant Secretary the notice requesting administrative review, the decision to disapprove as to which administrative review is sought, a draft

recommended final decision for concurrence, and any other relevant material.

§ 455.153 Review by the Deputy Assistant Secretary.

(a) If a State requests a public hearing pursuant to paragraph (a) of § 455.150, the Deputy Assistant Secretary, within 15 days, shall give actual notice to the State and FEDERAL REGISTER notice of the date, place, time, and procedures which shall apply to the public hearing. Any public hearing under this section shall be informal and legislative in nature.

(b) The Deputy Assistant Secretary shall concur in, concur in as modified, or issue a substitute for the recommended decision of the Support Office Director:

(1) With respect to a notice filed pursuant to paragraph (a) of § 455.150, on or before 60 days from receipt of documents under § 455.152 or the conclusion of a public hearing, whichever is later; or

(2) With respect to a notice filed pursuant to paragraph (b) of § 455.150, on or before 30 days from receipt of documents under § 455.152.

§ 455.154 Discretionary review by the Assistant Secretary.

On or before 15 days from the date of the determination under § 455.153(b), the applicant for a grant award may file an application, with a supporting statement of reasons, for discretionary review by the Assistant Secretary. If administrative review is sought pursuant to paragraph (a) of § 455.150, the Assistant Secretary shall send a notice granting or denying discretionary review within 15 days and upon granting such review, shall issue a decision no later than 60 days from the date discretionary review is granted. If administrative review is sought pursuant to paragraph (b) of § 455.150, the Assistant Secretary shall send a notice granting or denying discretionary review within 15 days and upon granting such review shall issue a decision no later than 30 days from the date discretionary review is granted. The Assistant Secretary may not issue a notice or decision under this paragraph without the concurrence of the DOE Office of General Counsel.

§ 455.155 Finality of decision.

A decision under § 455.153 shall be final for DOE if there is no review sought under § 455.154. If there is review under § 455.154, the decision thereunder shall be final for DOE, and no appeal shall lie elsewhere in DOE.

PART 456 [RESERVED]

PART 470—APPROPRIATE TECHNOLOGY SMALL GRANTS PROGRAM

Sec.

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AUTHORITY: Energy Research and Development Administration Appropriation Authorization of 1977, Pub. L. 95-39; Energy Reorganization Act of 1974, Pub. L. 93-438; Department of Energy Organization Act, Pub. L. 95-91.

SOURCE: 45 FR 8928, Feb. 8, 1980, unless otherwise noted.

EDITORIAL NOTE: The recordkeeping requirements contained in this part have been approved by the Office of Management and Budget under control number 1904-0036.

§ 470.1 Purpose and scope.

This part contains guidelines for the implementation of the appropriate technology small grants program required to be prescribed by section 112 of the Act.

§ 470.2 Definitions.

As used in this part—

Act means the Energy Research and Development Administration Appropriation Authorization of 1977, Pub. L. 95-39, 91 Stat. 180, 42 U.S.C. 5907a.

Affiliate means a concern which, either directly or indirectly, controls or has the power to control another concern, is controlled by or is within the power to control of another concern or,

together with another concern, is controlled by or is within the power to control of a third party, taking into consideration all appropriate factors, including common ownership, common management and contractual relationships.

Concern means any business entity organized for profit (even if its ownership is in the hands of a nonprofit entity) with its principal place of business located in the United States. “Concern” includes, but is not limited to, an individual, partnership, corporation, joint venture, association or cooperative. For the purpose of making affiliation findings, any business entity, whether organized for profit or not, and any foreign business entity (i.e., any entity located outside the United States), shall be included.

DOE means the Department of Energy.

DOE-AR means the Department of Energy Assistance Regulations (10 CFR part 600).

DOE-PR means the Department of Energy Procurement Regulations (41 CFR part 9).

Indian tribe means any tribe band, nation, or other organized group or community of Indians (including any Alaska native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act, Pub. L. 92-203, 85 Stat. 688, which (1) is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians; or (2) is located on, or in proximity to, a Federal or State reservation or rancheria, acting through its tribal organization.

Local agency means an agency or instrumentality of a local government.

Local government means a local unit of government including specifically a county, municipality, city, town, township, local public authority, special district, intrastate district, council of governments, sponsor group representative organization, and other regional or intrastate government entity.

Local nonprofit organization or institution means any corporation trust, foundation, trade association, or other institution (1) which is entitled to exemption under section 501(c)(3) of the